



Analysis and Recommendations for a Regional Approach to North Atlantic Division Real Estate Operations



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1. Executive Summary

A Project Delivery Team (PDT), under the direction of the U.S. Army Corps of Engineers (USACE), North Atlantic Division (NAD), Regional Business Directorate, Business Technical Division (BTD), was formed to evaluate opportunities and develop recommendations for a regional approach to the Real Estate mission. PDT members included individuals from the Headquarters, U.S. Army Corps of Engineers' (HQ USACE's) Real Estate Community of Practice (CoP) and Real Estate Legal Sub-CoP, the NAD Regional Integration Team (RIT), the NAD Realty Officer and real estate staff, NAD's District Chiefs of Real Estate and members of the Real Estate community from other Divisions. The PDT's recommendations are summarized as follows:

- a. Enhance the existing Real Estate Regional Specialist Program by including an expert for Independent Technical Review based on the U.S. Army Corps of Engineers South Pacific Division's (SPD's) current model, with continuing oversight to be provided by NAD's Realty Officers Council (composed of the Division Realty Officer and the District Chiefs of Real Estate).
- b. Establish a list of qualified individuals within NAD to serve as regional CoP experts, and routinely reevaluate as part of NAD's annual Real Estate Capable Workforce Study.
- c. Continue to staff Real Estate expertise at the Districts based upon current and projected workload, and regularly reassess as part of NAD's annual Real Estate Capable Workforce Study. The Districts will rely upon other Districts if there is an occasional need for specialized Real Estate expertise or surge capability.
- d. In the future, delegate to qualified individuals within the Districts, not positions.
- e. Retain the current Division real estate positions as a "cell" within Program Support Division and fill the current Division Appraiser vacancy.

2. Initiative Overview

a. At the direction of the NAD's BTD, a PDT was formed to evaluate opportunities and develop recommendations to ensure a regional approach to Real Estate business operations. The PDT was composed of the following members of NAD's Real Estate CoP; stakeholders from Districts and HQ USACE; and, real estate team members from other Divisions:

<u>Name</u>	<u>Office</u>	<u>Function</u>
- Christina Baysinger, Team Leader	NAD	BTD/PSD, RE Acq. Expert, RE Mil. Acq. Sub-CoP Leader
- Walter Bohorfoush	NAD	NAB/O DST / PSD, NAD Review Appraiser
- Mike Davis	LRD	Division Chief of RE Acquisition, RE SFO Sub-CoP Ldr.
- Noreen Dresser	NAN	District Chief of RE
- Sue Duncan	HQ	HQ Real Estate CoP, Top Sub-CoP Ldr., Sub-CoP Advisor
- Elizabeth Fagot	HQ	Asst Chief Counsel for RE, RE Legal Sub-CoP Leader
- Foster George	NAD	Chief of NAE/U DST, NAD Realty Officer
- Dillard Horton	NAO	District Chief of RE
- Rob Marshall	NAD	NAN/P DST / PSD, M&D Expert, RE Disp. Sub-Cop Ldr.
- Joseph Redlinger	NAE	District Chief of RE
- Judy Silver	HQ	NAD RIT
- Bill Thompson	SAD	Division Chief of RE Acq. , SAD 2012 PDT member
- Jim Turkel	NAB	District Chief of RE

b. This initiative is part of NAD's ongoing effort to actualize its Regional Business Center (RBC) under the Corps' reorganization plan, USACE 2012.

2. Background

The USACE 2012 reorganization plan contains four key elements: One Corps to eliminate redundancies and utilize cross-functional teams, Regional Business Centers operating at the Division level, Regional Integration Teams operating in the Washington Headquarters, and Communities of Practice collaborating across the Corps to enhance technical expertise. At the regional level, the operational focus is to manage and execute the region's projects through Division RBCs and ensure that the Corps is using and building, to the maximum extent possible, centers of expertise throughout the region. USACE 2012 envisions a four-fold focus for the RBCs: command and control, regional interface, program management and quality assurance. (For additional background, see Appendix A.)

3. Study Context

a. The real estate mission continues to be one of the Corps of Engineers' key organizational competencies. (See USACE Director of Real Estate email to Division SES, dated 16 Dec 04, attached as Appendix B; and, Engineer Inspector General Inspection Report, dated 27 Sep 96, attached as Appendix C.)

b. The Corps Real Estate mission includes responsibility for acquiring, managing and disposing of all real property under the control of the Department of the Army, plus real property controlled by Department of the Air Force and other Federal agencies, as requested. This mission includes the acquisition of real property interests for Civil Works projects, as required or requested, and Army and Air Force requirements in peace and war, as well as the management of real property interests in over **23 million acres** of Federal land nationwide. The Corps real estate operations directly affect the interests of **thousands of customers and partners throughout the world**, both public and private.

c. The Corps of Engineers bears the entire ARMY delegated responsibility for executing the real estate mission. The delegated authorities flow from the Secretary of the Army through the USACE Chain of Command to the designated real estate officials (Realty Officers and appraisers). USACE Real Estate performs Headquarters, Department of Army Staff (ARSTAFF) and Secretary of the Army (SECARMY) functions that are high profile and often have nothing to do with Corps projects or programs. **Historically, more than 80% of the military funded real estate work has been devoted to missions that are totally unrelated to the Corps' Military Construction (MILCON) mission.** Examples include the DOD Recruiting Facilities Program; Enhanced Use Leasing (EUL); DOD National Relocation Program; Homeowners Assistance Program (HAP); Residential Communities Initiative (RCI); National Security Agency (NSA); and, acquiring, managing and disposing of land at Army and Air Force installations, as well as serving those needs for other agencies (including large leases for Defense Finance and Accounting Service and other DOD agencies).

d. Executing these missions successfully for the customer is extremely important to USACE and Army commanders through the highest levels. The Deputy Assistant Secretary of Army

for Installations and Housing (DASA(I&H)) relies on the USACE Real Estate Team on a regular and recurring basis to provide sound business and legal advice on managing the Army's real property assets and to serve as the proponent for Army Regulations involving Real Estate.

e. Real estate practice is based in law and contracting, implemented via regulation and policy, and affected by *local* real estate practices and legal requirements. The policy aspect of the real estate mission cannot be overemphasized. One of the overall goals of implementing the real estate mission is to ensure that the real estate policies and regulations are applied consistently throughout the Corps, but within the parameters of local law and practice, as appropriate. The Corps must ensure that RBCs and RITs will be consistent in their interpretation and implementation of real estate policies and regulations. Inconsistency would lead to excessive risk and a loss of credibility with customers and the public, and potentially other more severe consequences.

f. Journeyman real estate work cannot be performed long distance. Real estate professionals must go into the field to appraise, negotiate, acquire, manage, perform site visits and relocate occupants of real property. Additionally, the geographic spread of the Corps real estate staff provides strength in knowledge of local markets.

g. The Corps is in a unique position within the Government in that it is the only organization that has authority to acquire real property for other agencies. All other agencies only have authority to acquire real estate for their own agency's use, if they have any acquisition authority at all. The Corps' authority is based largely upon Department of Justice's (DOJ's) and Department of Army's longstanding recognition of our commitment to maintaining expertise and our well codified policies and procedures for real estate acquisition.

h. The Director of Real Estate for the USACE MACOM has traditionally served as the real property advisor for SecArmy and the DOD Executive Agent for other military programs. The Director served both the command role and the Army staff role – with delegations flowing from SecArmy. (See Appendix D for a summary of USACE Real Estate Delegations.) The Director's position was originally abolished under USACE 2012, but has been recently restored by the Chief of Engineers. This was done in recognition of the unique role played by the real estate organization and the need to maintain real estate authorities intact. The Real Estate staff's proper execution of the ARSTAFF and SECARMY delegations is essential to the Corps' ability to maintain a robust and effective Real Estate organization in the future.

j. Throughout HQ USACE and the Divisions, the relatively small cadre of real estate experts have been dispersed and assigned roles, functions and duties diverting a significant percentage of their time away from real estate duties as a result of USACE 2012. Many have been taken completely outside their area of expertise to work in areas in which they are unfamiliar. **In an email to the Division Senior Executive Service (SES) members, dated 16 Dec 04, USACE's Director of Real Estate expressed grave concern over trends that she has observed over the past 6-8 months: critical real estate positions being left vacant or being diverted to other mission areas, minimal career program management**

duties, sketchy workforce development/forecasting/succession planning, and overall diluted leadership in the real estate mission area. (A copy of the Director's email is attached as Exhibit B.) PDT members understand that these trends have been an outgrowth of USACE's efforts to become a smaller, leaner and more responsive organization. We also understand that Communities of Practice are intended to serve, in a "virtual" way, as the center of mass for technical expertise. However, the CoPs are only as strong as their members and the time they have to devote to CoP activities. Now more than ever, the Corps needs the value added of the senior workforce to add stability to the organization and help grow the next generation of experts.

k. The NAD Realty Officer (aka District Support Team (DST) Leader, fka Chief/Director of Real Estate) has traditionally exercised the delegations of authority shared with the Division Commander pursuant to HQ USACE delegations; served as the principal advisor to the Division Commander concerning all real estate programs, activities and issues; and, provided staff supervision and oversight of all of the Division's real estate programs, activities and missions. Additionally, the delegated authorities were traditionally redelegated to District Chiefs of Real Estate at levels that retained some authority at the Division level; however, in recent years, and in keeping with the philosophy of empowering Districts, these authorities have been delegated to the fullest extent possible. This practice does not, however, relieve the Division of its inherent responsibility to provide oversight to assure proper execution of mission execution and supporting work products(through QA, policy compliance reviews, etc).

(1) With only five Full-Time Equivalent positions (FTEs), NAD Real Estate is already a flat organization. The senior Realty Officer is primarily devoted to non-real estate activities as the NAE/U DST Leader. The newly-established national position of Regional Program Manager for Recruiting Facilities Program is 100% funded by the Joint Facilities Recruiting Command and fully dedicated to that program. This leaves the remaining three positions (including one vacancy) only one deep in Real Estate's major technical functional areas, which include acquisition, management and disposal, appraisal (vacant), and planning and control.

(2) The NAD real estate staff interprets agency objectives (based upon broad Army and HQ USACE policies and procedures) to develop Division-specific procedures, policy and plans for Division real estate programs and ensures consistent application of the same throughout the Division. Their real estate expertise includes the specialized technical functional areas of acquisition, appraisal, management and disposal, planning and control, EUL, base closure, DOD executive agent for the Homeowners Assistance Program, Joint Recruiting Facilities Program, DOD National Relocation Program, and other special projects or programs as appropriate.

(3) Quality assurance roles of the NAD real estate staff include reviewing and approving real estate content of preauthorization and post-authorization reports and appraisals to ensure compliance with law via regulation and various delegations of authority, and semiannual or quarterly staff assistance visits to review the Districts' quality control processes. Division personnel also review other selected District work products to

ensure application of sound real estate principles, policy, and regulation. Each discipline holds regular conference calls to regularly share information across District boundaries, engages in regional problem solving and helps create a sense of community within the organization. Additionally, the Districts use the Division personnel as mentors and “go to” people to help develop strategies for dealing with complicated real estate issues and problems. The grade structure at the Division is the only way that Real Estate can attract and maintain experts with advanced degrees and numerous professional designations. (For more information about NAD quality management policies and procedures, see a portion of the Real Estate Quality Management Plan included as Appendix E.)

(4) As the Regional Business Center vision is further realized, the program management functions of NAD Real Estate will be even more critical. A strong NAD Real Estate staff will be needed to develop, allocate and reprogram adequate funding and manpower requirements for successful execution within the region. It is critical for NAD to maintain a core cadre of specialists for the capability to readily identify and troubleshoot issues for the Districts.

(a) The Corps as a whole is presently examining how to become smaller, leaner and more responsive. A concern of PDT members is that the checks and balances that currently guard our delegations have been weakened and may inadvertently be eliminated.

(b) Oversight goes hand in hand with delegated authority. Command and control processes to assure mission accomplishment are meaningless without program management to oversee and coordinate the mission. High-risk projects represent significant risks to the Corps that require strong scrutiny and experienced, qualified quality assurance capability. It is crucial that the Division Real Estate staff is not cut to the extent that accountability and proper oversight are jeopardized in any of the real estate program areas. Moreover, if oversight is perceived as lacking by Department of Army, Department of Justice or General Services Administration, our delegations will quickly disappear. *When that happens, our ability to serve our customers disappears as well.*

(c) Division and HQ USACE team members noted that they are getting more and more actions that are not “ready” for the level they have reached, which equates to more work for Division and HQ USACE staff and greater opportunity for error. The work is complex, and the devil truly *is* in the details.

(d) As the complexity of real estate work continues to increase and resources continue to dwindle, Districts, Division and HQ USACE truly need to become one big real estate team operating virtually across boundaries.

3. Alternatives Examined

It is within the context of the above observations that the PDT considered various alternatives. The following is a summary of the alternatives examined:

Alternative #1: Establish a Real Estate Regional Technical Specialist Program

- a. The PDT found that a Regional Specialist Program already exists in the NAD Real Estate Community (although not formally known by that name). Real Estate presently has regional technical specialists for the Joint Facilities Recruiting Program, the Timber Program, the real estate mission for the Residential Communities Initiative, and the Defense National Relocations Program. Each of these experts provides the same sort of function as NAD's Engineering and Planning Regional Technical Specialists (RTSs), but unlike their programs, these individuals provide these services at no cost to NAD or other Districts utilizing their services.
- b. PDT members brainstormed what other RTSs could be created under a Real Estate Regional Technical Specialist program, considering condemnation, 91-646 relocations and other areas. At this time, the group agreed that the condemnation RTS (realty specialist) might be a possibility, but it is unlikely that the services would require even close to 25% of the RTS's time. The group did not think that a 91-646 relocations expert would be engaged 25% of the time on relocations work either. One area where PDT members agreed that new RTSs would be very helpful, although still not likely to consume 25% of two or more RTS's time, is for Independent Technical Review (ITR) of feasibility studies (Continuing Authorities Programs excluded) for the purpose of complying with USACE ITR policies.
- c. The PDT investigated whether there was a RTS/ITR real estate position anywhere else in the Corps in order to glean good ideas and lessons learned. Out of the eight divisions, the PDT learned that SPD was the only USACE division that had attempted, to date, to set up an RTS program for the real estate mission line. SPD created a Position Description (PD) for a GS-13 employee to spend 25% of his/her time supporting other districts and SPD. (Like NAD, there were similar positions in Planning, Hydrology and Hydraulics and other organizations within SPD, but none to date in Real Estate.) The PD included responsibility for performing independent technical review for civil works planning reports, as required by the aforementioned policy. The position would be 100% project (not ED&M) funded.
- d. SPD indicated that the technical review performed by this Technical 13 would not replace SPD's policy review. SPD views these two types of review as separate and distinct functions as part of an overall checks and balances system. The ITR program is designed to help the District assure that its product is technically sufficient. The Division subsequently reviews the product to assure that the product conforms to current policy.
- e. PDT members agreed that having an individual designated as the ITR expert is a good idea, and thought that SPD's model would be appropriate for such a position, stressing that this should provide only QC functions (not QA) and should not eliminate any personnel in NAD.

(1) Since the new ITR policy does not apply to CAP projects and CAP projects are primarily the decision documents reviewed and approved at the Division level, the new ITR expert(s) would not generally be reviewing the same decision documents as division staff. Additionally, ITR performed at the district would constitute QC (not QA) and would be more project oriented than policy/process oriented. The PDT felt strongly that technical review performed by the Tech-13 cannot replace NAD's policy review, as these are separate functions and part of an overall checks and balance system.

(2) NAD's Engineering and Planning communities have already expressed concern to senior leadership of the need to keep the decision document review and approval process within the division using in-house personnel, as the RTS's primary responsibility would be executing his/her local District's programs, and the majority of the RTS's time (and rating) would be based on local (not regional) projects/programs. The PDT concurs with NAD's Engineering and Planning communities that the division needs to retain control of its approval processes.

(3) NAD's Real Estate Community needs to retain proper capabilities, as well as grades necessary, to attract and retain required expertise. NAD's District Chiefs of Real Estate are in agreement that they rely upon having the existing planning and acquisition, management and disposal, appraisal and the Joint Facilities Recruiting Program at the division level to provide QA, review decision document and feasibility studies, perform policy compliance review and troubleshoot issues. The PDT felt strongly that these resources should not be eliminated in that the result would be a weaker and thinner regional Real Estate team.

Pros to Establishing an ITR RTS:

- a. An ITR RTS would be in place for other districts to utilize, as needed, in compliance with USACE policy.
- b. Additional RTS positions would provide developmental opportunities for district staff.
- c. The RTS would provide a technical resource for consultation during studies.

Cons to Establishing an ITR RTS:

- a. Real Estate does not have the many sub-disciplines that Engineering and Planning possess. There are four main specialties: acquisition, appraisal, management and disposal, and planning and control. NAD already has experts for these specialties, plus the Joint Facilities Recruiting Program. They consist of the Division real estate staff. Division Real Estate staff members not only serve as experts, but also provide policy review and QA functions and also function as RE sub-CoP leaders, Corps Proponent-Sponsored Engineer Corps Training (PROSPECT) instructors, national "go to" people, and more.
- b. Local supervisors will control the majority (75% or more) of the RTS's time; therefore, regional issues by nature may tend to be secondary in priority.
- c. Establishing RTS positions at the GS-13 level may not be beneficial for one of NAD's districts. It would create a gap between the GS-11 realty specialist at the journeyman level and the GS-13 ITR position. With no way for a GS-11 to qualify for the GS-13 ITR

position(s), the program might actually serve as a “demotivator” for staff at smaller districts.

d. The RTS program appears to be an opportunity to inappropriately eliminate key NAD Real Estate positions which would be detrimental to the long term success of NAD’s operations.

Alternative #2: One District assumes Division Real Estate Function (Executing Division)

a. The PDT examined the possibility of having one district assume the Division real estate function. While it would have the benefit of involving division staff in real life issues, the negatives seemed to outweigh the positives. (See below listed “pros” and “cons.”)

b. There is already typically only one review. Very little is currently sent to the HQ level. Additionally, HQ’s Real Estate organization has lost much of its “center of mass.” As increased delegations from HQ USACE seem to be a continuing trend, PDT members anticipate a more robust role for Division real estate organizations in the future.

c. NAD’s Real Estate Chiefs stressed that having generalists at the Division would not be helpful to them as Chiefs. If technical experts are to be eliminated at the Division level, the real estate chiefs questioned, “What is the value added of the Division?”

d. Currently, the Division provides a regional perspective, helping the Districts maintain a high quality of work through QA and by working to cross-pollinate good ideas and lessons learned. The Division provides an appeal for Chiefs of Real Estate, etc., when they disagree with or want a second opinion as to an appraisal. Having Division staff helps to maintain a career path so that the organization has a better chance of retaining the best and the brightest. Already, too often the Corps loses quality individuals because the grades and career paths are stronger in other agencies. (Because USACE’s organization falls beneath the Army umbrella, Corps real estate positions are frequently one grade lower than their counterparts in other agencies.)

Pros to One District Assuming the Division Real Estate Function:

- a. It would keep staff involved in real life issues and keep skills sharp.
- b. It would provide centralized responsibility and accountability.
- c. There would be a center of mass for maintaining/developing technical expertise

Cons to One District Assuming the Division Real Estate Function:

- a. It would be more expensive to have the Division function provided by District staff.
- b. It would complicate the funding stream.
- c. There would be span of control issues.
- d. MSC staff can easily consult with counterparts in other MSCs.
- e. The Districts should be postured to focus on execution,
- f. The Division QA and policy review workload would likely be more than could be handled by existing district staff.
- g. As long as the Corps has a Division structure, real estate, as a major mission line with projects and programs often involving no other Corps discipline, should be part of it. Real

Estate should be on the MSC team. It would be far less effective and minimize the importance of the function if the Division Real Estate function were to be located at district.

Alternative #3: NAD Centers of Expertise (Note: Not all of NAD's Centers of Expertise have been officially designated as CXs by HQ USACE. See ER 110-1-8158.)

PDT members reviewed and discussed the possibility of instituting additional Centers of Expertise. Similar to the Regional Technical Specialist Program, the PDT recognized NAD's existing Real Estate Centers of Expertise (although not all have been officially designated as CXs by HQ USACE), including those for the national Residential Communities Initiative (RCI) Program (NAO), the DoD Employee National Relocation Program (NAB), the national Recruiting Facilities Energy Conservation Program (NAE) and the recently established national Enhanced Use Leasing (EUL) CX (NAB). The PDT concluded that these centers of expertise have emerged in conjunction with new or highly specialized Real Estate programs for which there was not longstanding expertise within the districts, where workload is not sufficient to sustain expertise in a variety of Districts. The PDT discussed other program areas that might lend themselves to a center of expertise approach and concluded that none are warranted at this time, particularly in light of availability of expertise through the CoP concept. The PDT recognized the need, however, for the NAD Realty Officers Council to continuously monitor its programs for center of expertise opportunities in the face of shifting workloads and resources.

Alternative #4: Regional Technical Centers

- a. PDT members reviewed and discussed the possibility of instituting Regional Technical Centers (RTCs) where technical cells that would execute work outside of their traditional geographic boundaries. The team reviewed the same lines of argument as they examined when discussing the possibility of establishing Centers of Expertise. Members noted that NAD presently has one district that does not internally provide real estate services.
- b. NAD does not have a real estate office in NAP. NAB, which is only a couple hours away, currently provides all real estate services to NAP, and this arrangement is presently working well. Additionally, some NAD real estate offices no longer have an in-house cadastral capability and turn to those that do for assistance when they are unable to meet their needs through contracts or other district resources. Finally, the regional and national CXs previously addressed are other examples of consolidated expertise.
- c. In instances where workload is extremely small, or where the programs are new and highly specialized as discussed in Alternative #3, above, the PDT agreed that it does not make sense to have an expert in every district, especially if it's the type of program that doesn't really need local staff (e.g. - Timber Program in NAO and the national Realty Services Field Office in NAB). However, members thought that it would not be prudent to lock too much of the Corps' basic real estate competencies away in small groups. Moreover, real estate is local in nature, and where the work is robust, a local staff is required in order to execute the mission properly.

d. Real estate team members' involvement on locally based planning teams and in the preparation of planning documents allows the Corps to spot issues early or eliminate them by altering designs. Where the work is steady, travel costs would likely negate any savings gained by regionalization. Thus, PDT members anticipate that additional centralization of the major real estate functions would cause us to be slower, less responsive and more expensive.

e. While it might be possible to further centralize, members asked, "What are we trying to fix if the current structure provides quality products on time and within budget?"

Pros to Regional Technical Centers:

- a. Possible improvement in workload management --- Employees could be more easily moved around in assignments during the ebb and flow of various types work.
- b. These would create centers of mass for developing and maintaining technical expertise.

Cons to Regional Technical Centers:

- a. Real estate acquisition, management, development and disposal is governed by state and local laws. While real estate may be owned by national firms, management is at the local level. A true asset of the Corps of Engineers is its first-hand knowledge of local markets and neighborhoods as well as local political entities. Travel costs and the loss of the technical knowledge base would likely negate any cost savings.
- b. Communications become more difficult as distance increases between the parties in communication.
- c. District commanders and their staffs may perceive a loss of command and control.
- d. There may be possible conflicts between competing priorities in workload management

Alternative #5: Regional CoP Experts (available for consultation, review, etc for other districts)

a. The Real Estate Community of Practice currently has 22 sub-CoPs for the Divisions and Districts to tap into at no cost. In addition to these sub-CoPs and the existing NAD real estate staff, the PDT thought that it would be beneficial for NAD to have experts designated throughout the region as "go to" people for district staff to go to for advice, guidance, training, technical assistance, QC reviews, etc. This is a natural adjunct to the national CoP concept. While it would be extremely doubtful that any of these duties would equate to 25% of an individual's time, it would be helpful for the districts to know who to reach out to regionally in specialty areas where they no longer have the expertise. The PDT agreed that it would be beneficial to establish a list of qualified individuals for the following areas: collections, relocations, military acquisition, civil projects, disposals, appraisals, outgrants and recruiting. The PDT further agreed that no funding should be exchanged for regional CoP assistance unless a large effort was involved. Additionally, the PDT agreed that such a list should be revised annually as part of the NAD Real Estate Capable Workforce Study. (See Appendix F for the 2004 NAD Real Estate Capable Workforce Study results.)

b. Finally, the District Chiefs of Real Estate indicated that they rely upon the existing planning and acquisition, management and disposal, appraisal and recruiting experts at division level to provide QA, review decision documents and feasibility studies, perform policy compliance review, provide advice and guidance, etc., and they in no way want to eliminate these existing resources.

Pros to having Regional CoP Experts:

- a. If there is not enough work in a given area for all districts to keep their skills sharp, then share the expertise from where it resides.
- b. This is a low cost alternative.
- c. A Regional CoP expert program would recognize expertise and provides incentive for staff members to reach out to others.

Cons to having Regional CoP Experts:

None

Alternative #6: Place a Real Estate Cell/CoP in NAD's Program Support Division

a. The PDT performed a business process analysis and determined that because such a large percentage of Real Estate's work is performed independent of other District work, it seems to make the most sense to place Division real estate experts in the Program Support Division and matrix them into the District Support Teams (as per NAD's original 2012 model). The PDT believes that maintaining the synergy of a consolidated Real Estate cell with the appropriate senior level expertise is essential to maintaining a strong, responsive Real Estate Program. The NAD District Chiefs of Real Estate agreed that they rely upon the existing NAD RE staff to provide QA, review decision document and feasibility studies, perform policy compliance review, and troubleshoot both local and regional issues. The Division provides regional perspective and helps districts benefit from good ideas and lessons learned from others. The NAD RE staff in each of the functional specialties (planning and acquisition, management and disposal, appraisal and the Joint Facilities Recruiting Program) contributes to the success of the districts in their own unique way. They each teach Prospect courses, hold regional workshops and instruct other courses. They are valuable assets in helping to fill skill set gaps by providing low-cost training to District personnel. They routinely participate in conference calls and workshops with other Divisions and have easy access to consult with their counterparts regionally and nationally and with HQ USACE.

b. During this study, the senior Realty Officer (GS-15) at the Division made the above recommendation to the Director of the Programs Directorate and it has been summarily adopted by senior leadership. Therefore, it is unnecessary to address this alternative further in this report.

Alternative #7: Do Not Backfill the Current Division Appraiser Vacancy

a. Appraisal is a high-risk area for the Corps. In virtually every real estate transaction that we accomplish, we are at some point dependent upon a value estimate to help us determine

a course of action. If we rely on substandard appraisal reports in making these judgments, we significantly increase the risk of costing the Government money and exposing our civil works partners to unexpected costs that in some cases can virtually break project budgets.

b. Under the Chief Financial Officers Act of 1990 and the Federal Financial Management Improvement Act of 1996, the District Chiefs of Real Estate are liable for fraud, waste and abuse. Independent value estimates prepared by qualified appraisal professionals have always been an underpinning of our program and have assured integrity in our transactions. The appraisers, the appraisals and our business processes combine to provide the checks and balances against abuses, both intentional and unintentional. A recent report issued by the Appraisal Foundation (an organization created by Congress following the savings and loan scandals) evidences what can happen when governmental oversight is lacking in this area. The Appraisal Foundation's report excoriated the Bureau of Land Management (BLM), faulting general agency practices including widespread violations of laws, deviation from rules and deficiencies in procedures; a "politicized" process in which the appraisers are under "undue pressure" to bend rules and face "personal jeopardy" from BLM and Department of Interior managers eager to close deals; and utter failure to address persistent internal reports of misconduct, leading to "total breakdowns" of management and adherence to legal standards. The foundation's recommendations included, among other things, the formation of a separate appraisal entity to oversee all Department of Interior land valuations and exchanges.

c. The real estate appraisal function is currently in crisis in the Corps of Engineers. There are only **two** appraisers remaining at HQ USACE and they are primarily devoted to non-appraisal activities. Currently, there are no plans to increase the HQ USACE appraisal staff. Moreover, there are only **five** Division appraisers Corps-wide. According to HQ USACE, one of these appraisers is almost exclusively devoted to DST activities and has little time for appraisal work, and another is scheduled to retire in the spring. *Therefore, by summer, the Corps is anticipated to effectively have only **THREE** Division appraisers.*

d. NAD has one of the most robust missions in the Corps. NAD's appraisal delegation flows from HQ USACE directly to the Division Appraiser by name, not to the Division Commander or Realty Officer or to the District appraisal staff. Since the Division Appraiser retired in October and the position has not been filled, part of the NAD appraisal function has been farmed out to LRD. Other parts of the job (e.g. QA) simply aren't getting done at all. NAD presently has several large actions where appraisal is crucial. (These include EULs; APG - Maryland Blvd., General Commercial Development; APG- State Dept., Anti-Terrorist Training Facility; APG- Phillips Army Airfield, Joint-Use with City of Aberdeen; Fort Belvoir - Feasibility/Market Analysis; Fort Meade - Golf Course/Commercial Development; Fort Detrick - TRI-GEN Facility; Fort Detrick - National Cancer Institute Campus; Fort Detrick - Conference Center/Hotel/Golf Course; WRAMC - Bldg 40; WRAMC - Bldg 50; Picatinny Arsenal generating plants; and, Fort Monmouth civilian development investment. Other large appraisal requirements include the update and second appraisal of Fort McNair TEMPO C property, and RCI appraisals for Fort Monmouth and Carlisle Barracks, plus BRAC 05 is on the way.) Additionally, HQ USACE may be soon looking for additional Centers of

Expertise (CX) and NAD will not be competitive if it lacks the critical component of a Division Review Appraiser.

e. District Chiefs of Real Estate and the rest of the PDT were unanimous in agreeing that a division appraiser is essential to maintaining a high quality, reliable appraisal program. Appraisal is the most specialized expertise within the Real Estate function. It requires a high degree of technical training plus professional certifications to perform its functions. Moreover, the position strengthens the independence and integrity of the real estate function. The delegations to the districts require a strong QA program to assure proper execution of our delegations and the continuing education and development of our appraisers. The PDT believes the MSC appraisal position should not be eliminated.

Alternative #8: MSC Delegation to Individuals within Districts

a. NAD has actively powered down to the field level. The Division has redelegated as appropriate to the extent possible.

b. Future delegations need to be prudent and ensure real property decisions are made in keeping with legal precedents so as to protect the fairness and impartiality of the Government. The existing three levels of delegation protect both the transparency and the integrity of the Corps of Engineers. The Districts can reach back to the Level Two delegations of the Division and obtain rational regional objective reading of a micro-complex high cost transaction. The Realty Officer at the District is assured of a senior level review and discussion to support the Government's financial obligations.

c. In keeping with the Chief Financial Officers Accountability 1990 and the Federal Financial Management Improvement Act of 1996 and its requirements for realty officers, NAD's Division appraiser assured rigorous review of Government estimate of values assigned to land and improvements. The authority of the Corps to conduct real estate is dependent on defensible appraised value in a court of law. The integrity of the cost of doing real estate business is centered in these delegations since they then allow for the appraiser to perform and to review contracts to private appraisers. Over the past several years, the NAD appraiser delegated his authorities in the form of three levels of delegations. Level three was issued to the most experienced and certified staff and level one was issued to the least. A vigorous QA program was implemented, which included quarterly or more frequent reviews, to assure proper exercise of these high delegations.

d. To date, NAD delegations, with the exception of the appraisal arena, have been to positions not individuals. The team embraced the concepts contained in the plan currently circulating in HQ USACE and the Pentagon designed to ensure that delegations are issued only to qualified individuals appropriate to their position and based on grade, training and experience and continuing learning requirements. These delegations, similar to a warrant in function, would ensure quality and experience to the realty market transactions. GSA and the US Navy already have similar policies in place.

4. PDT Conclusions and Recommendations

After carefully considering the above alternatives, the PDT recommends the following courses of action to further regionalize NAD Real Estate operations:

a. Enhance the existing Real Estate Regional Specialist (RTS) Program

(1) The PDT recommends expanding NAD Real Estate's RTSs to include at least two experts for Independent Technical Review based on SPD's current model. The incumbents would be responsible for reviewing all new feasibility studies (with the exception of Continuing Authorities Programs) in accordance with the new ITR policy. The RTSs would perform reviews of Real Estate Plans (REPs) as stand alone documents, as well as reviewing REPs for consistency with the entire decision document. The team recommends that the NAD's Realty Officers Council issue governing guidelines (examining such things as whether real estate is a cost driver, will constitute a significant part of the project or is a major issue in project execution).

(2) The team recommends that thresholds be established so that the level of review is dependent on whether real estate is a cost driver or will constitute a significant part of the project, or whether real estate is a major issue in project execution. The team observed that several likely candidates for this position are already GS-13s and therefore NAD may not wish to impose a 25% workload requirement.

(3) As the new ITR policy does not apply to CAP projects and CAP projects are primarily the decision documents reviewed and approved at the Division level, the new ITR expert(s) would not be reviewing the same decision documents as Division staff. Moreover, ITR performed at the District is QC (not QA) and is more product-oriented than project-oriented. The technical review performed by the RTS cannot replace NAD's policy review, as these are separate functions and part of an overall checks and balance system. **NAD's Engineering and Planning communities have already expressed concern to senior leadership of the need to keep the decision document review and approval process within the Division using in-house personnel, as the RTS's primary responsibility would be execution of his/her local District's programs, and the majority of the RTS's time (and rating) would be based on local (not regional) projects and programs. This PDT is in agreement that the Division needs to keep control of its approval processes.**

(4) As part of NAD's annual Capable Workforce Study, the NAD Realty Officers Council should continue to reevaluate the need for existing and additional RTSs. Additionally, the NAD Realty Officers Council should make RTS selections based upon agreed criteria, and issue/reevaluate guidelines for the program.

b. Establish a list of qualified individuals to serve as regional Real Estate CoP experts

(1) **PDT members agreed that it would be very helpful to establish a list of qualified individuals to serve as CoP experts who would be made available for consultation, review, etc. for other Districts, on the following subjects: EUL, collections,**

relocations, military acquisition, civil projects, disposals, appraisals, outgrants, recruiting, ITR, condemnation and PL 91-646 relocations. In addition to these positions, there could be other “pay for service” experts (similar to Planning and E&C’s programs) for condemnation, PL 91-646 relocations and Enhanced Use Leasing.

(2) For the “non-pay for service” experts, no funding would need to be exchanged unless a large effort was involved. If the work of these designated experts developed into substantial duties from time to time, temporary promotions could be utilized (in lieu of permanent ones).

(3) This program could be utilized to provide the external ITR function in lieu of the Regional Technical Expert program discussed above.

(4) Similar to the RTS program, the District Chiefs of Real Estate stressed that in no way should the experts at Division level be eliminated through the establishment of regional CoP experts.

(5) PDT members agreed that the NAD Realty Officers Council should make selections based upon agreed upon criteria and issue guidelines for the program.

c. Continue to staff Real Estate expertise at the Districts based upon current and projected workload and regularly reassess as part of NAD’s annual Real Estate Capable Workforce Study.

The yearly Real Estate Capable Workforce Study is an excellent tool for the NAD Realty Officers Council to continue to utilize in regional management of real estate operations. Districts can rely upon other Districts when the occasional need arises for specialized Real Estate expertise or for surge capability.

d. In the future, delegate to qualified individuals within the Districts, not positions.

(1) PDT members believe that the NAD appraisal model is a good first step to consider when issuing delegations in the future. However, the PDT recognizes that its delegation schema must conform to any approved HQ model.

(2) The delegation model currently under consideration by HQ USACE and Department of Army calls for a Real Estate Technical Qualifying Panel. PDT members believe that such a panel should include the NAD Real Officers Counsel and the NAD Real Estate acquisition, appraisal, management and disposal and recruiting staff. Sound business practices, fairness and impartiality would be necessary to ensure employment advancement of all qualified individuals.

e. Retain the current Division real estate positions in a “cell” within Program Support Division and fill the current Division appraiser vacancy

NAD's District Chiefs of Real Estate rely upon having the existing 4 Division FTEs, under the leadership of NAD's senior Realty Officer, for planning, acquisition, management and disposal, appraisal and Joint Facilities Recruiting Command expertise and providing QA, reviewing decision documents and feasibility studies, performing policy compliance and troubleshooting issues. These individuals are an integral part of the Division function, providing oversight to assure proper execution. They are an inherent part of a checks and balance system that guards our delegations by enabling Corps real estate transactions to withstand rigorous review. Moreover, these individuals are leaders within the national Real Estate Community, serving as sub-CoP leaders, Corps Proponent-Sponsored Engineer Corps Training (PROSPECT) instructors and national "go to" people.